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ISSUED BY: <b>Commissioner of Revenue Office, Disclosure Branch</b>	
EFFECTIVE DATE: draft	
PROCEDURE # <b>6.2.1 (formerly KRC procedure #2.1 – Reciprocal Information Exchange Agreements)</b>	
SUBJECT: <b>Exchange of Information Agreements</b>	
DISTRIBUTION CODE: A,B,C,D	CONTACT: <b>Commissioner's Office, Disclosure Officer, Station #6 (502) 564-2552</b>

## I. INTRODUCTION

In order to ensure compliance with the statutory requirements of [KRS 131.190](#) and [IRC 6103](#), it is the Department of Revenue's position that confidential state tax information shall be disclosed only through a formal exchange agreement executed through the Department of Revenue's Disclosure Office, as authorized in [KRS 131.190\(2\)](#). The Department of Revenue is prohibited from divulging confidential information obtained through an agreement with the IRS or other government agencies to anyone outside of the Department of Revenue. Further, Department of Revenue personnel shall not access or request confidential information from another Kentucky state agency, IRS or other federal agency, a city, a county or another state, or any other governmental entity except by written request through an "Authorized Agent List" maintained by the Disclosure Office. In addition, the Department of Revenue requires that all confidential tax information and all outside agency confidential information shall be maintained by secure methods as established by the Department of Revenue. Failure to adhere to the statutory requirements of [KRS 131.190](#) is punishable by those penalties found in [131.990](#).

## II. DEPARTMENT OF REVENUE AUTHORIZED AGENTS

### A. Department of Revenue Authorized Agents

The following Department of Revenue positions are authorized to request, receive, and disclose confidential tax information on behalf of the Department of Revenue in compliance with [KRS 131.190](#).

1. The Commissioner of the Department
2. The Disclosure Officer\*
3. The Disclosure Officer's Assistant

\* Primary contact for exchange of information.

Unless alternate procedures and personnel are specified in an agreement, no other Department of Revenue personnel are authorized to request, receive, or disclose confidential information.

### B. Other Agency Authorized Agents

Agents, authorized from other agencies to request and receive information from the Department of Revenue and disclose information to the Department of Revenue,

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are designated in writing by the agency with whom the Exchange of Information Agreement exists. The lists of designees are maintained in the Disclosure Office.

### III. PROCEDURE

#### A. Executing an Agreement with the Department of Revenue

1. The requesting agency shall submit a written Request for an Exchange of Information Agreement stating the intended use of Department of Revenue information to the Department of Revenue's Commissioner and Disclosure Officer. The request must be received by the Disclosure Office, and it shall adhere to [KRS 131.190 \(2\)](#) which states:

*"The Commissioner shall make available any information for official use only and on a confidential basis to the proper officer, board or commission of this state, any Kentucky county, any Kentucky city, any other state, or the federal government, under reciprocal arrangements whereby the Department of Revenue shall receive similar or useful information in return."*

2. Two copies of the agreement are prepared by the Disclosure Office and forwarded to the requesting agency, with instructions for returning the signed copies of the agreement and other necessary documentation. Both agencies must authorize certain employees to request and receive information. These employees are referred to as "authorized agents". Each authorized agent must read and sign the [Acknowledgment of Confidentiality](#) and return it to the Disclosure Office.
3. The Disclosure Office will forward all received copies of the agreements, signed by the requesting agency, to the Department of Revenue's Commissioner for approval and signature.
4. The Disclosure Office returns one signed copy to the requesting agency along with the list of authorized agents. One copy is maintained in the Disclosure Office.
5. The agreement is considered executed only after the signatures of both agencies are on the agreement and the requesting agency's authorized agent list, and signed [Acknowledgment of Confidentiality](#) documents are received by the Department of Revenue's Disclosure Office. The agreement and the agency's authorized agent list are maintained in the Disclosure Office, along with documentation of exchanges made pursuant to the agreement.

#### B. Department of Revenue Employees Requesting Information for Use by the

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### **Department of Revenue**

Department of Revenue employees having a business need for other agency information must submit a request containing the following information to the Disclosure Office:

- a. The requesting employee's name, section, station number, and phone number.
- b. The type of information needed, the years needed, the taxpayer's name, taxpayer's social security number or federal identification number (FEIN), the taxpayer's address, and any other available information.
- b. The agency from whom the information is to be requested.
- c. The reason the information is needed.

The Disclosure Office shall submit the official request for information to the other agency.

### **C. Receiving and Disclosing Information from Other Agencies**

1. The Disclosure Office will document receipt of the requested information and disclose the information to the requesting employee.
2. The requesting employee will be required to sign a release form for all federal information and sensitive documents from other agencies. The information is to be protected while in use by the Department of Revenue ([see E. Security of Information](#)). Confidential information received in accordance with an Exchange of Information Agreement may not be made a part of a Department of Revenue file. This information is to be returned to the Disclosure Office when no longer needed and a record of its destruction will be made.
3. Information acquired from other agencies that is not confidential will not require a signed release form. Statistical information and public record information are not confidential. This information may become part of the permanent record and can be disclosed to other agencies or employees.
4. All information obtained from the IRS is highly confidential, is only available to Department of Revenue employees with a "need to know", and shall never be disclosed to a third-party inside or outside of the Department of Revenue unless authorized by the Disclosure Office.
5. The Disclosure Office shall maintain a record of the destruction of all

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information obtained from other agencies for five (5) years.

#### **D. Department of Revenue Information Requested By Other Agencies**

All requests for information from other agencies are to be referred to the Disclosure Office.

1. An authorized agent of an agency with an executed agreement must submit a written request for confidential Department of Revenue tax information to the Disclosure Office.
2. Depending upon the nature of the request, the Disclosure Office will:
  - a. provide authorization to appropriate Department of Revenue personnel to make the requested information available for review; or
  - b. provide the requested information.

#### **E. Security of Information**

Confidential information received through an Exchange of Information Agreement shall not be disclosed to anyone either inside or outside the Department of Revenue without a “need to know”, unless:

1. written authorization to do so is obtained from the Disclosure Office;
2. the Exchange of Information Agreement provides for the disclosure; or
3. a waiver exists from the taxpayer or the other agency authorizing disclosure of the information

In accordance with secure storage guidelines outlined in [Publication 1075 - Tax Information Security Guidelines](#), all federal hard copy information:

1. shall be stored in a locked cabinet or desk or inside a locked room when not being used;
2. shall not be co-mingled with state tax information; and
3. all outside agency information must be kept in a desk or cabinet when not in use.

Unless otherwise covered in a Finance and Administration Cabinet or Department of Revenue standard procedure, Department of Revenue security guidelines will adhere to [Publication 1075 - Tax Information Security Guidelines](#).

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#### E. Disclosure Office Contact

Contact the Department of Revenue's Disclosure Officer at:

*Department of Revenue  
200 Fair Oaks Lane  
PO Box 1229, Station #6  
Frankfort, KY. 40602-1229*

Telephone number: 502-564-2552 ext. 4452 or ext.4454

Fax number: 502-564-9896

#### IV. FORMS

##### 7.0 - [Forms - 6.1.2/a - Acknowledgement of Confidentiality](#)

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NO STANDARD PROCEDURE MAY BE REVISED BY ADDENDUM, MEMORANDUM OR ANY OTHER MEANS OTHER THAN THOSE SET OUT IN STANDARD PROCEDURE #1.1 ENTITLED "CREATION, REVISION AND RESCISSION OF FINANCE AND ADMINISTRATION DEPARTMENT OF REVENUE POLICIES AND PROCEDURES"

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#### DISTRIBUTION CODES:

A. Senior Management B. Division Directors C. Branch Managers/Supervisors  
D. Department of Revenue Personnel E. Division Personnel F. Branch Personnel G. Attached Agencies

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